Fund Factsheet

30 April 2015

M&G European Corporate Bond Fund

M&G INVESTMENTS

Euro Class C

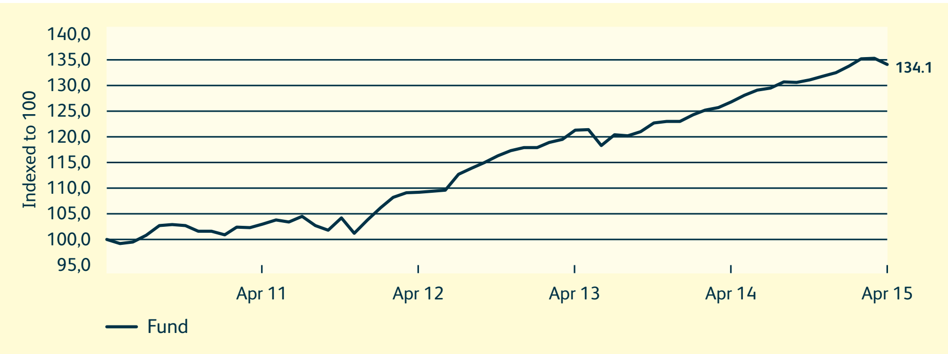
Fund description

The fund aims to maximise total return (the combination of income and growth of capital) by investing mainly in bonds issued by European companies with a high credit rating. The fund manager can also invest part of the portfolio in other fixed income securities, such as government bonds. Exposure to these assets is gained through physical holdings and the use of derivatives. An in-house team of independent credit analysts assists the fund manager in the selection of individual bond issues and with the monitoring of names held by the fund.

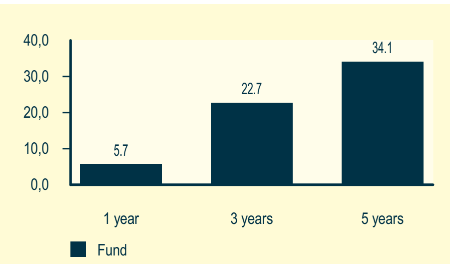
Single year performance (5 years ending April)

From To	01.05.14 30.04.15	01.05.13 30.04.14	01.05.12 30.04.13	01.05.11 30.04.12	01.05.10 30.04.11
Fund	5,7%	4,5%	11,1%	6,0%	3,0%

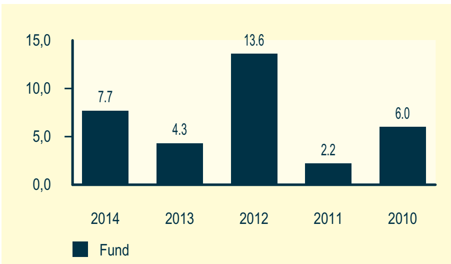
Performance over 5 years



Cumulative performance (%)



Annual performance (%)



Past performance is not a guide to current or future performance and the performance data does not take into account the entry and exit charges incurred on the issue and redemption of shares but does take into account the ongoing charge.

The fund can invest in assets priced in currencies that differ from the currency in which the fund is valued. Such assets are converted into the fund's currency, therefore, any currency fluctuations will have an impact on the fund's value.

Please be aware, your investment may increase or decrease as a result of currency fluctuations.

The value of stockmarket investments will fluctuate, which will cause fund prices to fall as well as rise and investors may not get back the original amount invested.

Key information

Fund manager	Stefan Isaacs
Fund manager tenure from	30 March 2007
Deputy fund manager	Richard Woolnough
Launch date	13 January 2003
Launch of share class	13 January 2003
Fund size (millions)	€3.697,14
Fund type	OEIC, incorporated in the UK
Comparative sector	Morningstar EUR Corporate Bond sector
Number of issuers	259
Modified duration (years)	5,0
Average credit rating	A-
Share type	Acc & Inc

Charges

Entry charge	1,25 %
Ongoing charge	0,66 %

Fund ratings

Overall Morningstar rating	★★★★★
Morningstar Analyst rating	Bronze

Source: Morningstar, as at 31 March 2015

Ratings should not be taken as a recommendation.

Asset breakdown (%)

	Physical	Net
Government bonds	14,2	10,3
Investment grade bonds	69,5	76,1
High yield bonds	10,1	10,1
Unrated non-government bonds	3,2	3,5
Cash	2,9	0,0

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Credit rating breakdown (%)

	Physical	Net
AAA	13,7	9,8
AA	7,6	7,6
A	20,4	21,4
BBB	42,1	48,0
BB	8,4	8,4
B	1,7	1,7
CCC	0,1	0,1
CC	0,0	0,0
C	0,0	0,0
D	0,0	0,0
No rating	3,2	3,1
Cash	2,9	0,0

Largest issuers (excluding government bonds, %)

	Physical
Lloyds Banking Group	1,6
Electricite de France	1,4
Berkshire Hathaway	1,4
Johnson & Johnson	1,2
UBS	1,2
Morgan Stanley	1,1
JP Morgan	1,0
Intesa Sanpaolo	1,0
Granite Master Issuer	1,0
Channel Link Enterprises Finance	1,0

Currency breakdown (%)

	Fund
Euro	99,4
British pound	0,3
US dollar	0,3

Maturity breakdown (%)

	Physical
0 - 1 years	2,7
1 - 3 years	8,5
3 - 5 years	23,2
5 - 7 years	22,5
7 - 10 years	19,6
10 - 15 years	10,5
15+ years	10,0
Cash	2,9

Fund codes and charges

	ISIN	Bloomberg	Ongoing charge	Minimum initial investment	Minimum top up investment
Euro share class A Inc	GB00B959HG95	MGECBAE LN	1,16 %	€1.000	€75
Euro share class A Acc	GB0032178856	MGECBEA LN	1,16 %	€1.000	€75
Euro share class C Acc	GB0032179045	MGECBEC LN	0,66 %	€500.000	€25.000
Euro share class C Inc	GB00BK6MBH38	MGECECI LN	0,66 %	€ 500.000	€ 25.000

The ongoing charge figures disclosed above include direct costs to the fund, such as the annual management charge (AMC), custodian charge and administration fee.

Please see the Important Information for Investors document and the relevant Key Investor Information Document for more information on the risks associated with this fund and which share classes are available for which product and which investor type.

Important information

For definitions of the investment terminology used within this document please see the accompanying glossary.

Cash may be held on deposit and/or in the Northern Trust Cash Funds, a range of collective investment schemes.

Source of performance data: Morningstar, Inc., as at 30 April 2015, Euro Class C shares, gross income reinvested, bid to bid basis. Past performance is not a guide to future performance. All other statistics from M&G internal sources, as at 30 April 2015 unless indicated otherwise. Please note that the ongoing charge figure may be an estimate in the case of funds and/or share classes that are less than 12 months old. Any recent changes to the fund's annual management charge or other expenses may affect the reliability of this figure.

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Glossary

M&G INVESTMENTS

Asset: Anything having commercial or exchange value that is owned by a business, institution or individual.

Asset class: Category of assets, such as cash, company shares, fixed income securities and their sub-categories, as well as tangible assets such as real estate.

Bond: A loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid.

Capital: Refers to the financial assets, or resources, that a company has to fund its business operations.

Capitalisation: The total market value of all of a company's outstanding shares.

Convertible bonds: Fixed income securities that can be exchanged for predetermined amounts of company shares at certain times during their life.

Corporate bonds: Fixed income securities issued by a company. They are also known as bonds and can offer higher interest payments than bonds issued by governments as they are often considered more risky.

Credit: The borrowing capacity of an individual, company or government. More narrowly, the term is often used as a synonym for fixed income securities issued by companies.

Credit rating: An independent assessment of a borrower's ability to repay its debts. A high rating indicates that the credit rating agency considers the issuer to be at low risk of default; likewise, a low rating indicates high risk of default. Standard & Poor's, Fitch and Moody's are the three most prominent credit rating agencies. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of security's life.

Credit spread: The difference between the yield of a corporate bond, a fixed income security issued by a company, and a government bond of the same life span. Yield refers to the income received from an investment and is expressed as a percentage of the investment's current market value, and a bond is a fixed income security.

Curve of economic development: A concept used to represent the changing needs of an economy at different stages in its development, ranging from food and basic infrastructure early on to more advanced requirements such as consumer products, travel and branded goods desired by increasingly sophisticated consumers in more advanced economies.

Default: When a borrower does not maintain interest payments or repay the amount borrowed when due.

Derivatives: Financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded over the counter.

Developed economy / market: Well-established economies with a high degree of industrialisation, standard of living and security.

Dividend: Dividends represent a share in the profits of the company and are paid out to a company's shareholders at set times of the year.

Duration: A measure of the sensitivity of a fixed income security, also called a bond, or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

Emerging economy or market: Economies in the process of rapid growth and increasing industrialisation. Investments in emerging markets are generally considered to be riskier than those in developed markets.

Episode: A phase during which investors allow their emotions to affect their decision making, which can cause financial markets to move irrationally.

Equities: Shares of ownership in a company.

Exposure: The proportion of a fund invested in a particular share/fixed income security, sector/region, usually expressed as a percentage of the overall portfolio.

Fixed income security: A loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid.

Floating rate notes (FRNs): Securities whose interest (income) payments are periodically adjusted depending on the change in a reference interest rate.

Gilts: Fixed income securities issued by the UK government.

Government bonds: Fixed income securities issued by governments, that normally pay a fixed rate of interest over a given time period, at the end of which the initial investment is repaid.

Hedging: A method of reducing unnecessary or unintended risk.

High Water Mark (HWM): The highest level that a fund's NAV (net asset value) has reached at the end of any 12-month accounting period.

High yield bonds: Fixed income securities issued by companies with a low credit rating from a recognised credit rating agency. They are considered to be at higher risk of default than better quality, ie higher-rated fixed income securities but have the potential for higher rewards. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of security's life.

Income yield: Refers to the income received from an investment and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value.

Index: An index represents a particular market or a portion of it, serving as a performance indicator for that market.

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Index-linked bonds: Fixed income securities where both the value of the loan and the interest payments are adjusted in line with inflation over the life of the security. Also referred to as inflation-linked bonds.

Inflation: The rate of increase in the cost of living. Inflation is usually quoted as an annual percentage, comparing the average price this month with the same month a year earlier.

Investment grade bonds: Fixed income securities issued by a company with a medium or high credit rating from a recognised credit rating agency. They are considered to be at lower risk from default than those issued by companies with lower credit ratings. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

Issuer: An entity that sells securities, such as fixed income securities and company shares.

Leverage: When referring to a company, leverage is the level of a company's debt in relation to its assets. A company with significantly more debt than capital is considered to be leveraged. It can also refer to a fund that borrows money or uses derivatives to magnify an investment position.

Long position: Refers to ownership of a security held in the expectation that the security will rise in value.

Macroeconomic: Refers to the performance and behaviour of an economy at the regional or national level. Macroeconomic factors such as economic output, unemployment, inflation and investment are key indicators of economic performance. Sometimes abbreviated to 'macro'.

Maturity: The length of time until the initial investment amount of a fixed income security is due to be repaid to the holder of the security.

Modified duration: A measure of the sensitivity of a fixed income security, called a bond, or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

Monetary policy: A central bank's regulation of money in circulation and interest rates.

Near cash: Deposits or investments with similar characteristics to cash.

Net: The proportion of a fund invested in, for example, different sectors. Derivatives are included. The latter are financial instruments whose value, and price, are dependent on one or more underlying assets.

Net Asset Value (NAV): A fund's net asset value is calculated by taking the current value of the fund's assets and subtracting its liabilities.

Open-Ended Investment Company (OEIC): A type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

Options: Financial contracts that offer the right, but not the obligation, to buy or sell an asset at a given price on or before a given date in the future.

Overweight: If a fund is 'overweight' a stock, it holds a larger proportion of that stock than the comparable index or sector.

Physical: The fund's exposure excluding derivatives, which are financial instruments whose value, and price, is dependent on one or more underlying securities.

Retail Prices Index (RPI): A UK inflation index that measures the rate of change of prices for a basket of goods and services in the UK, including mortgage payments and council tax.

Short position: A way for a fund manager to express his or her view that the market might fall in value.

Short-dated corporate bonds: Fixed income securities issued by companies and repaid over relatively short periods.

Short-dated government bonds: Fixed income securities issued by governments and repaid over relatively short periods.

Total return: The term for the gain or loss derived from an investment over a particular period. Total return includes income (in the form of interest or dividend payments) and capital gains.

Valuation: The worth of an asset or company based on its current price.

Volatility: The degree to which a given security, fund, or index rapidly changes. It is calculated as the degree of deviation from the norm for that type of investment over a given time period. The higher the volatility, the riskier the security tends to be.

Yield (equity): Refers to the dividends received by a holder of company shares and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value. Dividends represent a share in the profits of the company and are paid out to a company's shareholders at set times of the year.

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